Information Services Industry
European Market Trends in
Software and Services

# Tidal Wave of Change

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European Market Trends in
Software and Services

# Tidal Wave of Change

London

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**Information Services Programme—Europe**
(IEMAP)

***Information Services Industry European Market Trends in Software and Services— Tidal Wave of Change***

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Vice President
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# Roger Fulton

Consultant
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# Software and Services

## Workshop Agenda

- New end-user demands
- Fierce competitive pressure
- Lower market forecasts
- Challenge to professional services

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# Key Industry Trends

- Projects downsized
- Outsourcing satisfies
- Price pressure on services
- Pan-European support
- Desktop entrants

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# Software and Services

## Key user demands

- Value for money
- Cost reduction
- Effectiveness

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# Software and Services

## Getting value for money from IT

- User ownership
- Benefits to business
- Productivity improvement
- Essential to infrastructure

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## Software and Services

Seeking cost reduction for IT

- Downsizing
- Outsourcing
- 80% solutions

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# Software and Services

## Improving effectiveness from IT

- Business process re-engineering
- Simplification
- Speed of implementation
- Flexibility

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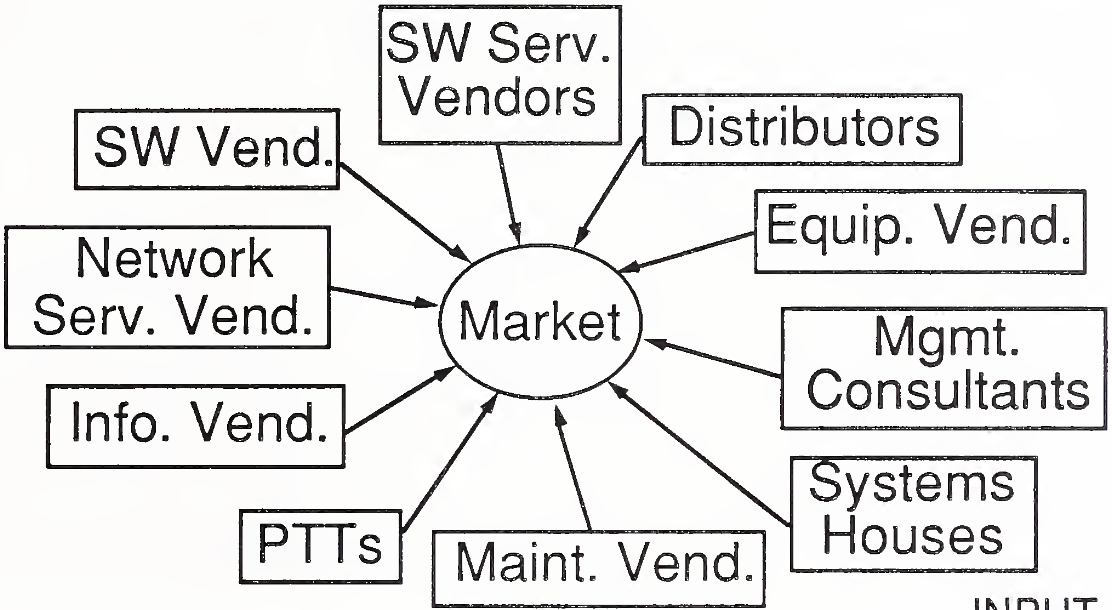
# Increasing Competition

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Software and Services—Europe, 1991

# Changing Market Shares

| Vendor's Business | (Percent) 1981 | 1991 |
|---|---|---|
| Professional Services | 18 | 38 |
| Management Consultancy | 3 | 7 |
| Software Products | 9 | 13 |
| Processing/Networks | 31 | 3 |

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Software and Services—Europe, 1991

# Changing Market Shares

| Vendor's Business | (Percent) 1981 | 1991 |
|---|---|---|
| Equipment Vendor | 39 | 35 |
| Maintenance | 0 | 2 |
| Distribution | 0 | 1 |
| Telecommunications | 0 | 1 |

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Software and Services—Europe, 1991

# Leading Vendors

| Vendor | 1991 $B | Rank 1991 | Rank 1990 |
|---|---|---|---|
| IBM | 6.2 | 1 | 1 |
| CGS | 1.7 | 2 | 3 |
| SNI | 1.6 | 3 | 2 |
| Digital | 1.6 | 4 | 5 |

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Software and Services—Europe, 1991

# Leading Vendors

| Vendor | 1991 $B | Rank 1991 | Rank 1990 |
|---|---|---|---|
| Reuters | 1.5 | 5 | 4 |
| Microsoft | 1.0 | 6 | 9 |
| Groupe Bull | 0.9 | 7 | 6 |
| Andersen Consulting | 0.9 | 8 | 8 |

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Software and Services—Europe, 1991

# Leading Vendors

| Vendor | 1991 $B | Rank 1991 | Rank 1990 |
|---|---|---|---|
| Finsiel | 0.9* | 9 | 11 |
| ICL | 0.9* | 10 | 16 |
| Olivetti | 0.8* | 11 | 13 |
| EDS | 0.7 | 12 | 30 |

*Restated in 1991.

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Software and Services—Europe, 1991

# Leading Vendors

| Vendor | 1991 $B | Rank 1991 | Rank 1990 |
|---|---|---|---|
| Sema Group | 0.7 | 13 | 10 |
| Unisys | 0.7 | 14 | 7 |
| Computer Assoc. | 0.6 | 15 | 12 |
| Sligos | 0.5 | 16 | 15 |

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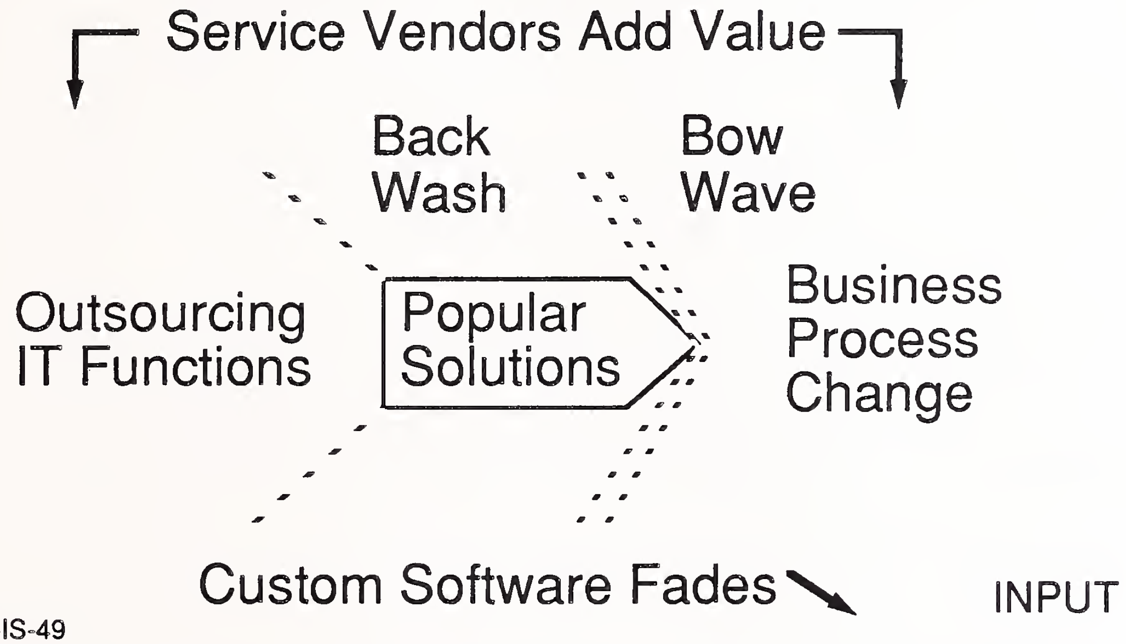
# The Tidal Wave of Change

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# Vendor-Added Value

- Applications Management
- Systems Management
- Solution Engineering
- Systems Technology

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# Product and Service Trends

*Transition Management* | *Applications Maintenance* | *Applications Management*

Sys. Integ. | Sys. Oper.

| | | |
|---|---|---|
| Applications Software | Turnkey Systems | Processing Services |
| Systems Software | Professional Services | Network Services |

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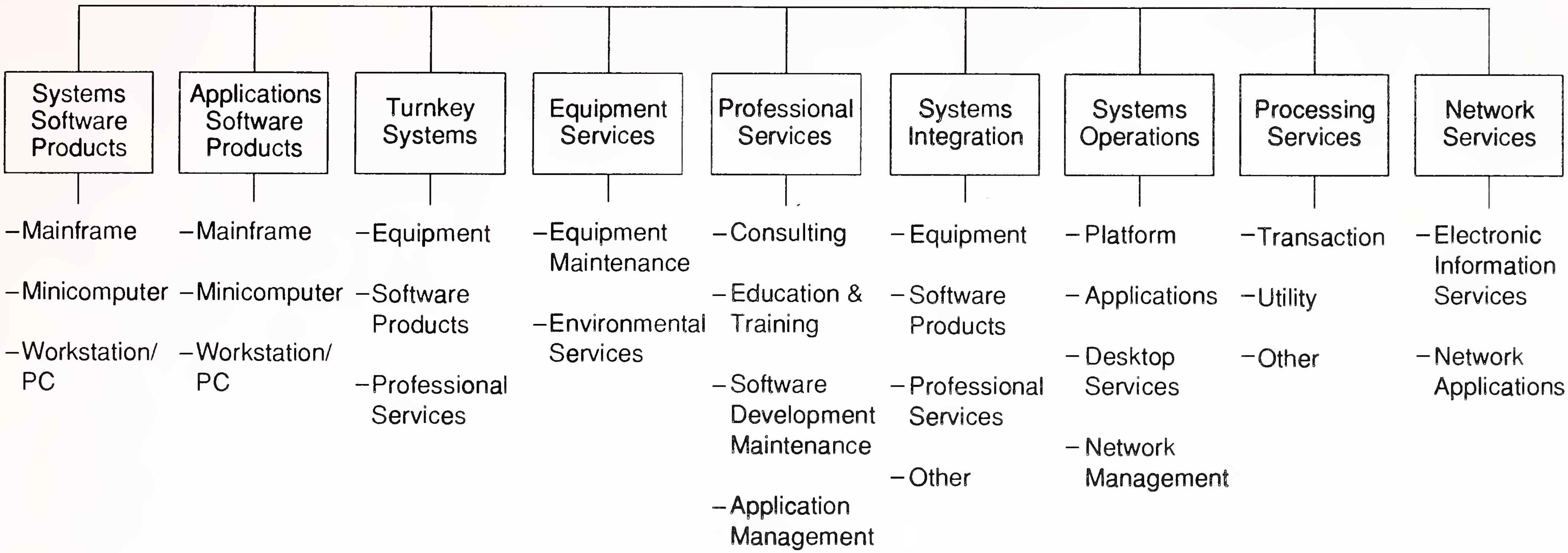
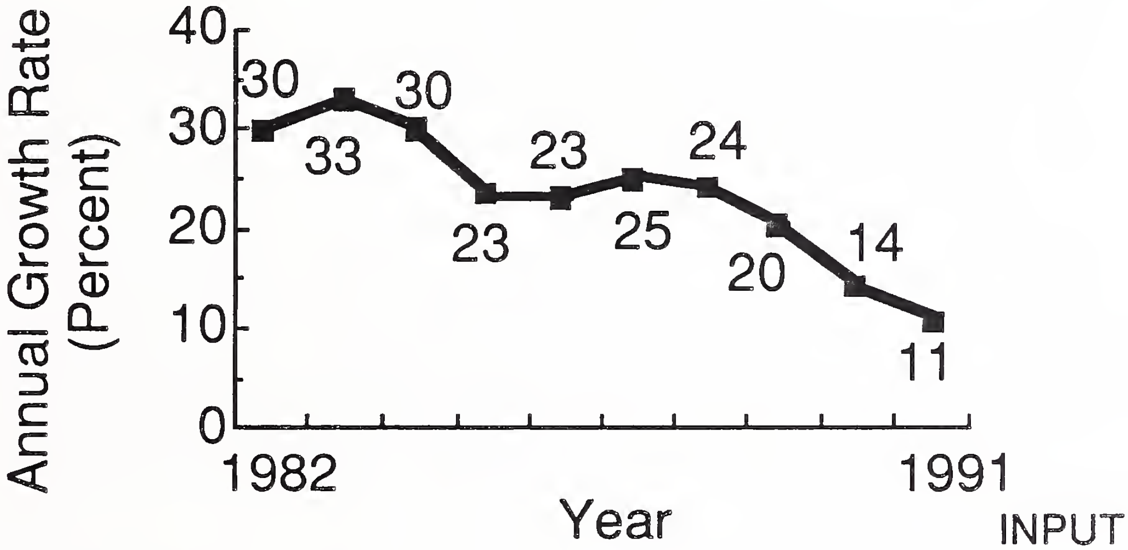
# Information Services Industry Structure




*Source:* INPUT

Software and Services, Europe

# Average Growth in Spending

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## Delivery Mode Issues

- Turnkey systems—Impacted by downsizing and open systems margins
- Applications software products—Smaller systems dominate
- Systems software products—Prices under pressure

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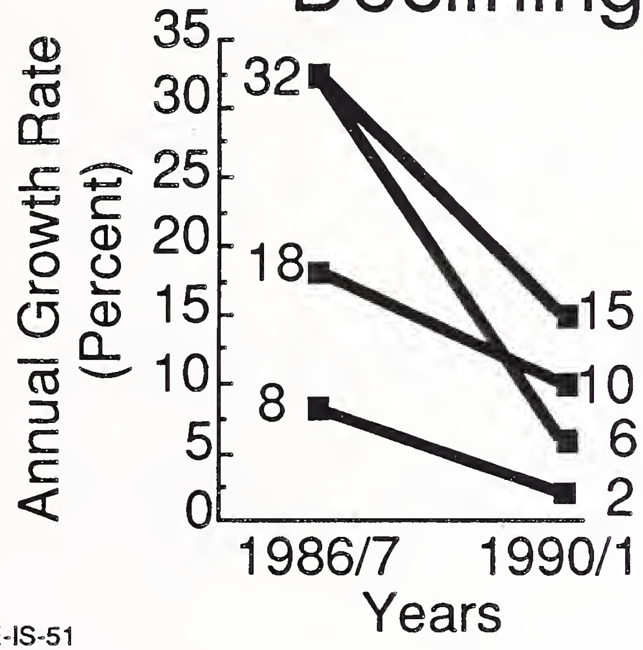
# Declining Growth

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# Delivery Mode Issues

- Network services—High-growth opportunities
- Systems operations—Renewed satisfaction, desktop entrants
- Systems integration—Project downsizing for fast payback

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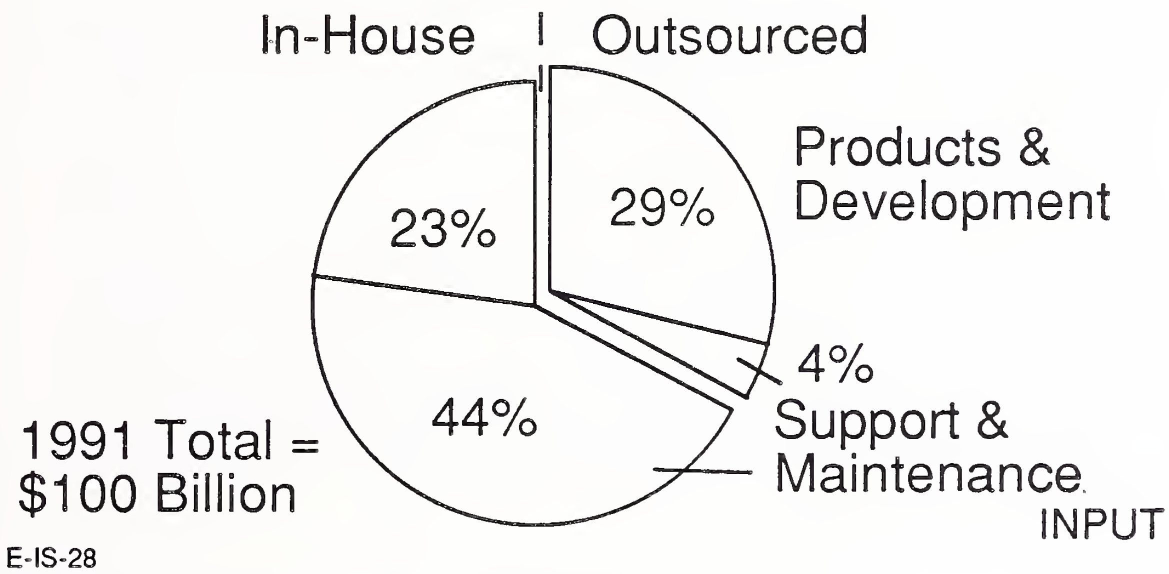
# European User Software Budgets

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# Delivery Mode Issues

- Professional services—Competition up, growth down
- Processing services—Specialized applications drive development
- Equipment services—Multivendor and environmental services grow

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# Software and Services Forecast, 1992-1997 Europe

## 11% CAGR
## . . . and falling

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